



# PrOpCom

Making Nigerian Agricultural Markets Work for the Poor

## Fertiliser Market Innovation

PrOpCom (Promoting Pro-Poor Opportunities through Commodity and Service Markets) is an innovative market-driven programme that aims to reduce poverty in Nigeria. Funded by the United Kingdom's Department for International Development (DFID), the programme works with government institutions, businesses and individuals to enable agricultural markets to work better for the poor. PrOpCom started full implementation in 2008 and will be operational until April 2011.

The overall intention of the programme is to facilitate basic changes to market systems, to improve how markets operate, and to increase profits and revenue whilst providing benefits to the poor from these market interventions. PrOpCom facilitates and catalyses these changes – making them possible or making them happen faster – through active engagement with businesses, civil society and government, in order to address problems in selected commodity sectors. The programme works along the entire value chain, including production, processing and marketing of agricultural products.

Using this market-led, pro-poor development approach, PrOpCom works through market forces to support the poor to:

- enhance their incomes
- increase their job opportunities
- broaden their access to markets
- create more choices for them
- reduce the economic risks they face.

PrOpCom is currently facilitating activities in five markets within a framework of 12 interventions, in order to promote market development that is beneficial to poor people in Nigeria. PrOpCom anticipates that these interventions will positively impact some 412,000 poor households, generate ₦8.6 billion (£34.4 million) in additional income and create about 70,000 new jobs as they mature.

## Becoming a rural entrepreneur: a Village Promoter's story

Until 2010 Kawu Umar taught Hausa at his local school in Guyuk town of Adamawa state, Nigeria. This provided an annual income of ₦180,000 (£748), enough to live on, but not to finish building his house. Although he enjoyed his teaching work, he had always been interested in farming too, and kept a small homestead farm to supplement his income from the school.

One day, his friend Alhaji Hamza Mohammed, a prominent businessman in the community, told Kawu about a special sales programme in which he (Alhaji Hamza) had been invited to participate. The programme was run by Notore, one of Nigeria's largest fertiliser



A farmer, Abdul Isa, and his family show corn grown with fertiliser (left) compared to that without (right)

companies, which had recently been privatised after years of government control. Participants attended a training course, after which they could work as independent rural sales agents, or Village Promoters (VPs) for Notore. Abdul was already too busy with his own business and was unable to participate, but knowing Kawu's interest in farming, his motivation and business acumen, he suggested that Kawu should attend instead. Kawu jumped at the chance to learn more.

### Training and innovation

The sales programme, named On-Track, was developed by Notore with PrOpCom's financial and advisory support. Kawu joined nine other participants from neighbouring communities at the course to learn about Notore's sales programme and become certified VPs.

As part of the On-Track programme, Notore introduced 1-kg packages for selling its NPK and urea fertilisers. This was an innovation in the Nigerian market, as fertilisers had always been sold in 50-kg bags costing around ₦4,500 (£19). Most smallholder farmers earn an average of ₦150–325 (£0.60–1.30) per day and could not easily mobilise enough cash during the planting season to buy fertiliser in 50-kg units. Some traders and retailers had filled this market gap by buying 50-kg bags, opening them, and selling smaller quantities of fertiliser, measured out by hand. However, opening the bag reduced fertiliser quality and the product was sometimes adulterated. While many farmers solved this problem by coordinating with neighbours to buy 50-kg bags, Notore's 1-kg packs resolved the volume constraint completely by allowing farmers to buy smaller volumes of individually sealed packages – at a price they could afford.

Notore's On-Track programme also represented an innovation in distribution. Government subsidies and controls on fertiliser distribution channels often meant that the 50-kg fertiliser

bags were not available to smallholders. Families who were not politically well connected within their communities had difficulty accessing the fertiliser, and supplies for rural retail markets were often swallowed up by local traders. Notore's new programme allowed rural farmers to buy the fertiliser through private sales channels in their towns. The VPs served as local retail sales agents for Notore's small packs.

Furthermore, participants in Notore's training course learned agronomic techniques for fertiliser application and seed planting, such as optimal spacing, burying, dosage volumes and timing of applications. They also learned how to set up demonstration plots on farmers' land to showcase these techniques using Notore fertiliser in side-by-side comparisons with the participating farmers' current techniques and fertiliser. This allowed many farmers from the community to see for themselves the impact of the new techniques and Notore fertiliser on the resulting crop quality and yield.

## Becoming an entrepreneur

Kawu was excited about this opportunity and, following the training course, signed up to become a VP for Notore. In his first season, from July to November 2010, he established five demonstration plots in local communities. He went to the local market some 25 times to promote Notore and talk to farmers about the benefits of fertiliser use and proper application techniques. Kawu rented a shop in his village and earned enough from fertiliser sales to pay two young men to take care of the shop while he continued to teach Hausa during the week.



Kawu sells fertiliser in his village shop

Through all of these VP activities, Kawu was able to sell over 10,500 small packs of Notore fertiliser, earning a total of ₦210,000 (£840) in net profit in just four months. This sum provided a significant boost to his modest teaching income and allowed him to continue the construction of his home.

***“Many people come to me because they know I can teach them about good farming techniques.”***

Kawu Umar, Guyuk town,  
Adamawa state, Nigeria

to apply his newfound knowledge and experience on his own farm to further pursue his personal interest in farming.

Thanks to his role as a VP, Kawu's increased farming knowledge, experience and sales have earned him a lot of respect in the community. “They now see me as the guru of farming.”

## Impact

Kawu was just one of 150 On-Track Village Promoters who sold Notore's 1-kg packs of fertiliser across 15 sites in Nigeria from July–November 2010. Total sales of fertiliser during this period were 217,254 kg. In 2011, Notore plans to expand its sales across 25 states, and increase its rural sales force to 900 VPs.

In addition to his financial gains as a new entrepreneur, Kawu's work as a Notore VP has brought him non-monetary rewards. He enjoys the additional visibility and status that he has in the community because of his sales role and his shop in the village. “Many people come to me because they know I can teach them about good farming techniques,” he says. As a teacher, he likes to help other people learn new practices and improve their farms – and he also learns from the results of the demonstration plots. He likes

## PrOpCom and fertiliser

Since early 2009 PrOpCom has been working to change Nigeria's fertiliser market. It has partnered with two of Nigeria's largest fertiliser producers, Notore Chemical Industries Ltd. and TAK Agro Ltd., to give poor farmers a reliable, affordable, market-based alternative to fertiliser acquired through public subsidy channels.

PrOpCom advises these companies on how to better meet the needs of Nigeria's poor farmers through improved fertiliser blends, smaller pack sizes and embedding farmer education in rural sales. PrOpCom engaged Farm Input Promotions Africa (FIPS-Africa), a Kenyan-based non-profit organisation, to provide training to Notore and TAK Agro rural sales promoters on how to sell fertiliser in small packs and demonstrate appropriate application techniques to farmers.

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